

***Consumer Fraud...  
by phone or mail!***



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# Don't take the bait!

When phone calls and postcards are bringing you marvelous offers to buy...

- *“Shares” or “interests” in foreign lotteries*
- *Low-cost vacations*
- *Magazine subscriptions*
- *Office supplies or promotional items*
- *Club memberships*
- *Sure-fire investments*
- *Vitamins*

Do they say...

*“You've just won a contest, and if you pay ‘shipping and handling’ or a ‘small gift tax,’ it's all yours.”?*

Do they want...

*Your credit card number?*

**If so, you may be the victim of a BOILER ROOM FRAUD.**

**Direct Marketing** is the sale of goods and services by direct contact with the consumer by telephone or mail.

**Boiler Room Fraud** is the use of the phone or the mail by unethical companies who only want to take your money. It is a growing problem for both individuals and businesses. It costs consumers billions of dollars a year. The best way to protect yourself is to learn to recognize the warning signs.

## DIRECT MARKETING VS BOILER ROOM FRAUD

- Most calls come from firms located out-of-state. The firms work out of large rooms with rows of phones staffed by solicitors trained to repeat a deceptive sales pitch.
- Sometimes these firms send you an enticing or official-looking letter or postcard in the mail urging you to call them.
- Sometimes 900 numbers are used so you'll be billed just for calling them, even if you decide not to purchase anything.

## WHO ARE THE BOILER ROOM COMPANIES?

Here are some common phrases:

- *“You've been specially selected to hear this offer.”*
- *“You'll get a wonderful free bonus if you buy our product.”*
- *“You've won a valuable free prize.”*
- *“You have won big money in a foreign lottery.”*
- *“This investment is low-risk and provides a higher return than you can get anywhere else.”*
- *“You have to make up your mind right away.”*
- *“You can just put the shipping and handling charge on your credit card.”*

## WHAT DO THE SALESPEOPLE SAY?

The callers use well-rehearsed sales pitches designed to sound believable. You may be transferred from person to person, so it sounds like a genuine business setting. A “vice-president” may even call you back to try to convince you to buy. Beware of high pressure pitches that require decisions right now! Legitimate firms will always give you time to think it over.

If you are the victim of a Boiler Room Fraud, you may later find:

- *You never receive “winnings” from that foreign lottery.”*
- *The merchandise you bought is overpriced and poor quality.*
- *The “free gift” never arrives, or it's worth just a fraction of the “shipping and handling” or “gift tax” you paid.*
- *The investment turns out to be non-existent, or a loser.*
- *The donation you thought was going to charity goes into the fundraiser's pocket.*
- *Unauthorized charges start appearing on your credit card bills.*
- *Con artists will call you back offering to help you get your money back—for a fee of course. Hang up!*

## WHAT IF YOU FALL FOR THE BOILER ROOM SALES PITCH?

# HOW CAN YOU PROTECT YOURSELF?

- *Take your time.*
- *Don't buy something merely because you'll get a "free gift."*
- *Get all information in writing before you agree to buy.*
- *Check out the caller's record with the Attorney General's Office and the Better Business Bureau.*
- *Don't give your credit card number or checking account number to anyone who calls on the phone or sends you a postcard.*
- *Check out a charity before you give. Ask a charity how much of your donation actually goes to the charity.*
- *Be extremely cautious about investing with an unknown caller who insists you must make up your mind immediately.*
- *If the investment is a security, check with state officials to see if it is properly registered. If large amounts of money are involved, check with your legal or financial advisor.*
- *Don't send money by messenger or overnight mail. If you use money rather than a credit card in the transaction, you may lose your right to dispute fraudulent charges.*
- *Hang up the telephone instead of being pressured to buy.*
- *If it sounds too good to be true, it probably is.*
- *Make sure you know the per minute charge for any 900 number call you make.*

## ASK YOURSELF THESE QUESTIONS:

- *Do I have adequate TIME TO THINK THIS OVER, or am I being pressured for a decision right now?*
- *Will they send me ADDITIONAL INFORMATION through the mail, putting their statements and promises in writing, or do they refuse?*
- *Are they insisting on my CREDIT CARD OR CHECKING ACCOUNT NUMBER right now?*
- *Do they want to SEND OVER A PRIVATE COURIER tonight for my check?*
- *Is my "free gift" or "prize" really free, or DO I HAVE TO PAY A REGISTRATION FEE OR SHIPPING AND HANDLING CHARGE before receiving anything?*

**DON'T TAKE THE BAIT!**

*If the answer to any one of these questions is yes... **BEWARE!***

*Take time to consider the offer, get additional information and advice, and resist the "take it or leave it" high pressure tactics so often used by boiler room pitches. See the next page for agencies which can provide additional information.*

For more helpful information about the firm or offer you are considering, contact any of the following, preferably in the city or state where the firm is located:

**State Consumer  
Protection Agencies**

**Better Business Bureau**

**State Attorney General**

**Chamber of Commerce**

**State Securities Regulator**

**Federal Trade Commission**

**Federal Bureau of Investigation**

**The U.S. Postal Inspection Service**

If you think you are the victim of a boiler room fraud, save all documentation of the transaction, including postcards, cancelled checks, telephone bills, credit card statements and mailing envelopes. Make detailed notes of your telephone conversations by date and time, and write down the important statements made by each individual who spoke with you.

If any part of your transaction took place through the U.S. Mail, including the receipt of promotional literature or the mailing of payment, we urge you to contact the nearest postal inspector. If necessary, your local postmaster can provide the inspector's address, or you may write directly to:

THE CHIEF POSTAL INSPECTOR  
475 L'ENFANT PLAZA SW  
WASHINGTON DC 20260-2160

or

obtain a fraud complaint form  
via e-mail at *fraud@uspis.gov*

